

The complaint

Miss S complains that Marsh Finance Finance Limited lent to her by accepting her for finance to purchase a car which she could not afford. And when she asked for assistance it did not help her.

What happened

Miss S applied for finance in September 2022. The second hand car had a price of £22,679 plus an option to purchase fee of £10 at the end of the hire purchase agreement. The repayments were £561.15 each month for 58 months and the last repayment was £571.15 which included the £10 fee. The total to pay was £33,679. Miss S paid satisfactorily until December 2023 when her income level changed due to a change in her circumstances, a change in income and Miss S had to pay a large insurance bill.

The account got into arrears and it was defaulted in July 2024. The car was repossessed in August 2024. It was sold in September 2024.

Miss S complained in May 2024 and received Marsh Finance Finance's final response letter (FRL) in which it gave reasons why it considered that the lending had been responsible. Miss S referred her complaint to the Financial Ombudsman Service. One of our investigators considered it and thought that although Marsh Finance Finance may not have carried out proportionate checks when approving the finance, if it had reviewed the financial details Miss S has supplied to us for that period in 2022 then it would likely have come to the same conclusion – that she could afford the car finance agreement. Our investigator looked at whether Marsh Finance had treated Miss S unfairly when she got into arrears and he did not think so. Our investigator did not consider that Marsh Finance needed to put things right for Miss S.

Miss S disagreed. The unresolved complaint was passed to me to decide.

Having reviewed it I asked Marsh Finance and Miss S for some additional information. I have read all that Miss S has sent to me, including copies of the additional bank accounts (one being a joint one) statements. I have factored in that not all of the money flowing through the joint account was hers, but I do accept her explanation that she was receiving additional maintenance income following her relationship breakdown. I was sorry to read of that. Although Miss S considers that exclusively for her child, it would be treated as income.

Miss S has sent to us a letter appertaining to the data protection issues and the collection of the car. I am not dealing with any of those aspects – just the irresponsible lending.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Miss S' complaint. Marsh Finance needed to make sure that it didn't lend irresponsibly. In practice, what this means is

that Marsh Finance needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Miss S before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

Marsh Finance has told us that Miss S said she was a director of a company and had been so employed for 4 years and 5 months. Miss S had said she was earning around £39,200 a year before tax. Marsh Finance explained that it took the declared income figure provided by Miss S and used an on-line Current Account Turnover (CATO) tool to verify that income was accurate to within a reasonable tolerance level. Added to which, I have reviewed bank statements from Miss S (which she has sent to us) and her income did seem regularly to be about £2,500 to £2,600 each month after tax. So, the figure Miss S gave when she applied and which Marsh Finance checked using the on-line system appeared to have been broadly accurate. Therefore, I have no issues surrounding the income figure used by Marsh Finance when it was assessing her for the car finance.

Marsh Finance looked at the credit commitments Miss S had plus it checked for insolvencies, and delinquent accounts or any recent defaults. None of these appeared to have registered on the credit search it carried out. Having not any cause for concern arising from those checks, it is not outside the expected approach for a regulated firm to then rely on Office for National Statistics data (ONS) which I understand Marsh Finance did use.

Marsh Finance used a cost of living figure of £538.68. It appears this likely stemmed from use of ONS statistics which as I said earlier, with a relatively positive credit record and an income Marsh Finance was confident was regular and at a satisfactory level, then I don't consider ONS use to have been outside what the regulations expected of Marsh Finance. And what was reasonable to do here.

I note from the records Marsh Finance has sent to us that Miss S had two mortgages or two sets of housing costs. One was costing her £913 a month according to its own research, and the other £396. So, I think that this ought to have been checked. Together the rental/mortgage repayments add up to £1,309 each month. So, the cost of living figure and the housing costs came to £1,847.68.

What Marsh Finance had gathered as her housing costs being rent and a mortgage, if it had carried out further checks to clarify those details, then it would have discovered what Miss S has told me – that she was not paying towards the mortgage anymore. So, her housing costs figure would have been reduced by £931.

Marsh Finance's credit search demonstrated that Miss S had three current accounts, three credit cards and one loan. It indicated that Miss S was paying £46 a month towards the loan and £354 a month to non-revolving credit accounts which includes accounts such as credit cards. Marsh Finance was aware that there were two in the household and at least one account was a joint account. These are not high figures.

Proceeding on what I have from Miss S and from Marsh Finance I answer some of Miss S' points here:

- It is considered satisfactory for the child benefit income and the maintenance payments from her ex-partner to be added to her income. So, although it may have upset Miss S for Marsh Finance to suggest that she used that income to assist with her car finance repayments I'd not consider that inappropriate. Similarly, for it to have used this in its Income and Expenditure (I&E) assessment.
- Marsh Finance would not have known of, nor be expected to have known of, her pending change of personal circumstances, both about her relationship and her employment as a director of her company.
- Miss S told Marsh Finance she was employed as a director. And its searches indicated that her income into the account was regular. And I have seen from the three months of bank accounts leading up to Sept 2022 that this was regular income. So, I do not consider that Marsh Finance was expected to delve into her company accounts.
- The comments Miss S has explained she made to the broker have been reiterated in a little more detail to us recently but I've no notes about those: I've only what Miss S has said to us in her emails. These related to her pending relationship breakdown and that she needed a cheaper car. *'I was hesitant when he recommended some expensive cars (porsche) [sic] he then said that why not try a lower cost vehicle "you can afford it" and "your credit score is excellent" '.* But Miss S must have agreed to go with the less expensive car as she did not buy a Porsche.

I see that Miss M has told us that she did not push the point as she has said that the broker told her that *'the finance was solely based on my credit score, and I did not question it further.'*

And from these explanations, I recognise that Miss S was aware of the income issue and her relationship concerns at the time and so it was a matter for her to factor such personal issues into the rationale for her applying for the car finance. I'd not necessarily expect Marsh Finance to have known that.

I consider that the car finance agreement was affordable. And if Marsh Finance had carried out further checks, I do not think that it's finance offer would have changed.

Interest rate

I don't consider that this was a matter about which Miss S was mis-led. The interest rates were clearly shown on the documents she would have seen and signed.

Residual debt

I asked Marsh Finance to explain whether it was pursuing Miss S for any residual debt. Recently it has said to us:

'Since repossession, the vehicle was sold via BCA auction dated 30/09/24, to which the customer has made no payment towards the agreement since collection.'

Account notes indicate that Miss S was looking to sell the vehicle anyway and Marsh Finance had to explain to her that as she did not own the vehicle she could not do that. Miss S had stopped paying for insurance on it and so Marsh Finance was aware she no longer could afford it and/or was not using it or wanting to keep it.

Marsh Finance's agent did eventually repossess the vehicle and with Miss S' agreement. But Miss S' other complaint (with which I am not dealing) related to the manner in which that agent tried to pick up the car.

The car was repossessed with Miss S' agreement. Following which the car was sold in September 2024. The sale proceeds were accounted for in the Statement of Account as I would have expected.

Miss S seems to dispute as to whether she still owes money towards the car. That will depend on the final figures once it's all been calculated. I do not plan to do that. It is for Marsh Finance to do.

Treating Miss S fairly

Marsh Finance has supplied account notes and having read them it seems that a change of circumstances and a loss of rental income led to her finding it difficult to make the repayments. Miss S has said:

'When my financial situation changed, I was offered no payment plan — instead, repossession was pursued immediately- without notice. And I was left in a worse situation, financially, emotionally.'

I can see from reading those account notes, that each time Marsh Finance questioned why Miss S was missing her monthly repayments, she provided assurances that the agreement wasn't unaffordable, citing several reasons for the arrears including but not limited to her contact details changing, waiting for invoices to clear and income from a rental property no longer being received.

Ultimately, I feel that Marsh Finance have acted on the information it was provided by Miss S and took reasonable steps to assist her when she began missing repayments. As such, I'm unable to conclude that Marsh Finance did anything wrong in supporting her throughout the agreement.

After many months of accepting late payments and sometimes accepting lesser ones from Miss S, the account was defaulted. Usually, a default is applied when a relationship has broken down and there are at least three months of arrears on the account. And I can see from the Statement of Account that was the case here. And so, I do not consider that incorrect.

I've also considered whether Marsh Finance acted unfairly or unreasonably in any other way and I have considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Miss S or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 14 August 2025.

Rachael Williams
Ombudsman